INTRODUCTORY STATEMENT

PRESS CONFERENCE

Mario Draghi, President of the ECB,Luis de Guindos, Vice-President of the ECB,Frankfurt am Main, 13 December 2018

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Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference. We will now report on the outcome of today's meeting of the Governing Council, which was also attended by the President of the Eurogroup, Mr Centeno.

Based on our regular economic and monetary analyses, we decided to keep the **key ECB interest rates** unchanged. We continue to expect them to remain at their present levels at least through the summer of 2019, and in any case for as long as necessary to ensure the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term.

Regarding **non-standard monetary policy measures**, our net purchases under the asset purchase programme (APP) will end in December 2018. At the same time, we are enhancing our forward guidance on reinvestment. Accordingly, we intend to continue reinvesting, in full, the principal payments from maturing securities purchased under the APP for an extended period of time past the date when we start raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

While incoming information has been weaker than expected, reflecting softer external demand but also some country and sector-specific factors, the underlying strength of domestic demand continues to underpin the euro area expansion and gradually rising inflation pressures. This supports our confidence that the sustained convergence of inflation to our aim will proceed and will be maintained even after the end of our net asset purchases. At the same time, uncertainties related to geopolitical factors, the threat of protectionism, vulnerabilities in emerging markets and financial market volatility remain prominent. Significant monetary policy stimulus is still needed to support the further build-up of domestic price pressures and headline inflation developments over the medium term. Our forward guidance on the key ECB interest rates, reinforced by the reinvestments of the sizeable stock of acquired assets, continues to provide the necessary degree of monetary accommodation for the sustained convergence of inflation to our aim. In any event, the Governing Council stands ready to adjust all of its instruments, as appropriate, to ensure that inflation continues to move towards the Governing Council's inflation aim in a sustained manner.

Let me now explain our assessment in greater detail, starting with the **economic analysis**. Euro area real GDP increased by 0.2%, quarter on quarter, in the third quarter of 2018, following growth of 0.4% in the previous two quarters. The latest data and survey results have been weaker than expected, reflecting a diminishing contribution from external demand and some country and sector-specific factors. While some of these factors are likely to unwind, this may suggest some slower growth momentum ahead. At the same time, domestic demand, also backed by our accommodative monetary policy stance, continues to underpin the economic expansion in the euro area. The strength of the labour market, as reflected in ongoing employment gains and rising wages, still supports private consumption. Moreover, business investment is benefiting from domestic demand, favourable financing conditions and improving balance sheets. Residential investment remains robust. In addition, the expansion in global activity is still expected to continue, supporting euro area exports, although at a slower pace.

This assessment is broadly reflected in the December 2018 Eurosystem staff macroeconomic projections for the euro area. These projections foresee annual real GDP increasing by 1.9% in 2018, 1.7% in 2019, 1.7% in 2020 and 1.5% in 2021. Compared with the September 2018 ECB staff macroeconomic projections, the outlook for real GDP growth has been revised slightly down in 2018 and 2019.

The risks surrounding the euro area growth outlook can still be assessed as broadly balanced. However, the balance of risks is moving to the downside owing to the persistence of uncertainties related to geopolitical factors, the threat of protectionism, vulnerabilities in emerging markets and financial market volatility.

According to Eurostat's flash estimate, euro area annual HICP inflation declined to 2.0% in November 2018, from 2.2% in October, reflecting mainly a decline in energy inflation. On the basis of current futures prices for oil, headline inflation is likely to decrease over the coming months. Measures of underlying inflation remain generally muted, but domestic cost pressures are continuing to strengthen and broaden amid high levels of capacity utilisation and tightening labour markets, which is pushing up wage growth. Looking ahead, underlying inflation is expected to increase over the medium term, supported by our monetary policy measures, the ongoing economic expansion and rising wage growth.

This assessment is also broadly reflected in the December 2018 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation at 1.8% in 2018, 1.6% in 2019, 1.7% in 2020 and 1.8% in 2021. Compared with the September 2018 ECB staff macroeconomic projections, the outlook for HICP inflation has been revised slightly up for 2018 and down for 2019.

Turning to the **monetary analysis**, broad money (M3) growth stood at 3.9% in October 2018, after 3.6% in September. Apart from some volatility in monthly flows, M3 growth continues to be supported by bank credit creation. The narrow monetary aggregate M1 remained the main contributor to broad money growth.

In line with the upward trend observed since the beginning of 2014, the growth of loans to the private sector continues to support the economic expansion. The annual growth rate of loans to non-financial corporations stood at 3.9% in October 2018, after 4.3% in September, while the annual growth rate of loans to households remained unchanged at 3.2%. The pass-through of the monetary policy measures put in place since June 2014 continues to significantly support borrowing conditions for firms and households, access to financing – in particular for small and medium-sized enterprises – and credit flows across the euro area.

To sum up, a **cross-check** of the outcome of the economic analysis with the signals coming from the monetary analysis confirmed that an ample degree of monetary accommodation is still necessary for the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term.

In order to reap the full benefits from our monetary policy measures, other policy areas must contribute more decisively to raising the longer-term growth potential and reducing vulnerabilities. The implementation of **structural reforms** in euro area countries needs to be substantially stepped up to increase resilience, reduce structural unemployment and boost euro area productivity and growth potential. Regarding **fiscal policies**, the Governing Council reiterates the need for rebuilding fiscal buffers. This is particularly important in countries where government debt is high and for which full adherence to the Stability and Growth Pact is critical for safeguarding sound fiscal positions. Likewise, the transparent and consistent implementation of the EU's fiscal and economic governance framework over time and across countries remains essential to bolster the resilience of the euro area economy. Improving the functioning of Economic and Monetary Union remains a priority. The Governing Council welcomes the ongoing work and urges further specific and decisive steps to complete the banking union and the capital markets union.

Further information on the technical parameters of the reinvestments will be released at 15:30 CET on the ECB's website.

We are now at your disposal for questions.

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When it comes to flexibility of the reinvestments, perhaps you could let us know how flexible the investments will be and whether you are planning to phase in the new capital key or not. Then I would like to ask you quite broadly about next year's economic risks, which are the risks you are primarily focusing on, which could be big-event risks also for your outlook?

Draghi: On the first question I think you have to wait for the press release at the end of this press conference. But what I can do is to read you one of the decision-making points which is the one you are probably asking for. The Governing Council decides that under the PSPP, the public sector purchase programme, as a rule redemptions will be reinvested in the jurisdiction in which principal repayments are made, but the portfolio allocation across jurisdictions will continue to be adjusted with a view to bringing the share of the PSPP portfolio into closer alignment with the respective national central bank subscription to the ECB capital key. That's what I can read to you now; the rest you will learn from the press release.

Now, your second question was about the risk. Well, in a sense that was the focal point of the Governing Council discussion; what sort of assessment would the Governing Council give about. And if I had to draw a conclusion about the sense that transpired from the discussion, I would summarise it with just a few words; namely, continuing confidence with increasing caution. I just happened to read it before coming here; I will quote to you the results of a survey with small- and medium-sized enterprises in a moment. Basically, they seem to say the same thing. So first of all when we look at what it is today, first of all we see that monetary policy remains very accommodative. As a matter of fact, I think there is some sort of confusion here about termination. The APP is not terminating; it continues. It does continue because we are committed to maintaining the stock for an extended period of time as it is. On top of that we have announced our forward guidance, we can come back on that.

When you look at the economy, well, you still see the drivers of this recovery are still in place. Consumption continues to grow, basically supported by the increase in real disposable income, which, if I am not mistaken, is at the historical high since six years or something, and households' wealth. Business investments continue to grow, residential investment, as I said in the IS [introductory statement] is robust. External demand has gone down but still grows. Everything, all this when we look at all these drivers of the recovery, yes, it's true, it's just weaker. It's not just one-off; it's been weaker for a while now and that's in a sense the discussion – the sense of the discussion.

Clearly, we ask ourselves first of all how quick this is, how weak this is and what causes this weakness? We gave some explanations. You remember we started discussing this last time. There are certain one-off factors in some countries, in some sectors which probably are transient, but there is also a permanent component to this, which is the landing of the eurozone economy on a path, closer to potential. So we had in 2017 a pretty unusual year and so now there is some landing on a closer path to potential.

Now, what are the causes for this? Well, the introductory statement quoted uncertainty: geopolitical uncertainty, emerging market economies' vulnerabilities, financial markets' volatility and perhaps another cause. The point of this is that – yes, the threat of protectionism is the other. The other point that was discussed; all these are specific factors of uncertainty but generally speaking, these factors may change. For example, the trade situation based on the latest statements is probably better than it was two months ago. Some emerging market vulnerabilities now seem to be less urgent or less dangerous than they were two months ago. But in the meantime, others are looming up so the overall environment, the overall atmosphere has become one characterised by increased general uncertainty, which takes the shape now and then of different phenomena.

I think this is at least considered by the Governing Council one of the reasons, if not the main reason, for this weaker data. You can see this because if you look back when we took this decision that we would expect to terminate the APP, the net APP purchase now, back in June, well, since then what you see is basically financing conditions that have been by and large the same, if not even more accommodative, with interest rates which went down, in fact, but risk premium has increased. That's what is at the root of some of the declines in asset prices. That's the sort of discussion and it's a discussion, as I said, continued confidence with increasing caution.

It's interesting in our usual periodic survey that we do with small- and medium-sized enterprises, now this survey terminates in September. They say that basically, the results are consistent with economic expansion, which continues to be supported by accommodative financing conditions. Nevertheless SMEs signalled some rising concerns on their business environment. A large share of SMEs reported higher turnover, so positive news. But the percentage of firms indicating increasing profits declined. You see, all this is news of lower growth but not low growth. This was the key point. The other results are basically consistent with this two-phased assessment of the situation.

I have two questions about the enhanced forward guidance on reinvestments that you have published today. The first one is, you say that reinvestments will continue in full for an extended period after the first increase in rate hikes. Can you give some more details about how long this extended period is? Generally it is understood by investors that reinvestments

will continue in full for two-to-three years and the guidance you have now seems to suggest a somewhat shorter period.

The second question is –

Draghi: Sorry, what does suggest a shorter period?

The extended period after the first rate hike because generally by extended period, it's six-to-12 months so given that the general understanding is –

Draghi: Sorry, who says that?

Well, that's the general understanding of your wording, but if it is different I… The second question is that you link the continuation of reinvestments to the necessity to maintain favourable liquidity conditions. Does it mean that reinvestments alone will be enough to ensure favourable liquidity conditions in the euro area and therefore no further liquidity operations like long-term loans or an extension of fixed-rate full allotment will be necessary?

Draghi: Now, the answer to the first question is, we didn't discuss it this time. Let me put it the other way around. If we had wanted to specify a length of time, we would have done so. If you reflect on the specific formulation, you will see the benefits of keeping it this way. I won't speculate on the people, what you call general understanding, of what an extended period of time means.

But the other point is about, no, it doesn't – As a matter of fact, the LTROs had been mentioned by some of the participants to the discussion, although we really had not discussed in substance but we are reflecting, this is another instrument of monetary policy. We will continue reflecting on that, like on the other measure you mentioned. We know that this will address that but will generally address monetary policy. It will be a major contributor to maintaining the monetary policy very accommodative as it has been and the financing conditions accommodative as well.

You still say in your statement that you expect to keep interest rates at the current levels until at least through next summer. Was there any discussion about the exact timing of the first rate increase? Or is there any sense that that might've been pushed back given the recent economic data?

My second question is, you're ending new asset purchases four years after the Federal Reserve. It seems quite late in the economic cycle. Are you concerned that if some of the risks do establish themselves and the economy does worsen, that you won't have enough tools to deal with the next economic downturn?

Draghi: Well, the answer to the second question is actually no. We're always concerned, of course, but we think we have – and if you read the formulation of the monetary policy guidance today – we think we have instruments to address such a contingency. As a matter of fact, one feature of this formulation is that we want to… Let me step back. In this climate that I characterise as being of great uncertainty, the monetary policy formulation that we have wants deliberately to keep optionality as a dominant feature. In this sense, the answer to your second question is yes; we have instruments.

Now, your first question; no, we haven't discussed that but you see, when you reflect on our guidance, you see that it's both date contingent and it's also state contingent, namely depending on the situation of the economy. When you see market expectations of interest rates moving ahead in time, it's the market's reading of the general situation of the economy. That has to be kept in mind.

Core inflation has decreased recently again even though wages have increased. Are you not concerned that it might take again much longer until higher wages feed into the inflation rate?

My second question also on reinvestments: were there members who were in favour of already setting out the precise horizon for reinvestments? Or was there a unanimous consensus to keep the length open?

Draghi: Yes, the decision was unanimous, which is quite important, and it was unanimous. On wages, you see, this is one part in describing why we consider the baseline scenario still valid, I have not mentioned the wages, which have been steadily increasing since 2016. Compensation per employee in the third quarter of this year went up for the eurozone to 2.5% from the second quarter, it was 2.2%. Negotiated wages again for the eurozone, at 2.1% in the third quarter. You see this quite broad based so it's not limited to one country. I'll say a word about Germany in a moment, but it's actually broad-based. It's across sectors. You see this in industry, in construction, in various sectors so not all sectors, but almost all sectors. Agriculture is not part of the sectors where you see this.

Now, however in certain countries this higher growth rate in nominal wages is even more significant. In Germany it's 4.1%[1] in the third quarter of 2018. Negotiated wages in some sectors like construction are between 4% and 6%. As one would expect actually, in various degrees you would expect that these higher nominal wages will be passed through into higher prices at some point. Now, how fast depends on many factors that we have discussed on other occasions. But one certainly is the extent to which profits are being squeezed by these increasing wages and, by the way, other production costs and before they can be passed into higher prices.

The evidence we have is that quite clearly, those parts of the eurozone that are closer to full employment, if not at full employment, project higher nominal growth, higher growth of nominal wages, project a greater squeeze in profit margins. Other parts of the euro area which are lagging behind in terms of growth, in terms of employment, and also in terms of wage pressure, are also lagging behind. What we would expect is that this pass-through will happen, will take place but it will be not uniform across the region but it will reflect basically different economic conditions in different parts of the euro area.

You're ending the expansion of quantitative easing after almost four years, so it will be welcome if you could assess how effective you think this policy has been over those four years.

I'm just wondering how to read into something you said in your answer about the guidance being date contingent and state contingent, and talking about how the markets have recently reacted to the general state of the economy and how this needs to be kept in mind. It seems the markets are a little bit more concerned about the downside risks than you are; you seem pretty confident that the outlook is still broadly balanced and markets are now forecasting the first – or some people in markets are forecasting the first hike to come in 2020, for reinvestments to continue for two-to-three years. So I'm just wondering how to interpret this comment; who's right? Have markets got it right but you just don't want to make too much of a commitment yet? Or are their views slightly out of sync with your own now?

Draghi: Well, your first question is actually quite broad and in a sense I'm kind of biased to answer this question. I'll be briefer than I would like to be, but certainly especially in some parts of this period of time, QE has been the only driver of this recovery. There are lots of numbers that we can give about how it did change financing conditions in a way that – in many ways. But let's not forget that interest rates had dramatically declined even before QE but they continued to do so after QE. Then there were the other components; namely the term premium component and the fact that QE actually was crucial in decreasing the risk, the asset risk, of the banking system in the euro area. We view this as – but I don't think I'm the only one to be the crucial driver of the recovery in the eurozone. At the time, by the way, when also other drivers were not really – especially in the first part, there was no other source of growth in the real economy. There was no fiscal policy. There was not even demand. Now, demand and exports actually went up in, if I am not mistaken, later on in 2015 even when domestic demand was not a driver. But basically that's enough for QE. We'll have plenty of time to comment on – I'm making a general assessment of its effectiveness.

On the other thing, you see, you asked me whether the fact that markets are foreseeing the first – are expecting the first rate hike by that time. Well, first of all you have two sets of expectations; you have the market expectations, you have the survey expectations. Survey expectations are in their great majority, still, date based. It's also true that they show a lesser conviction about when the first rate rise will happen. Still the majority of the expectations is focused on through the summer guidance. Then you have markets: markets are reading the economy. They project a rate increase at that time because they think that the economy will worsen in that fashion. In other words this shows that they well understood our reaction function, because in so doing they make financing conditions easier. We may well never get there.

Did you discuss changing the balance of risk to “tilted to the downside”? Did anyone call for that?

Who will be the next Vice Chair, or who will be the Vice Chair of the SSM come February?

Draghi: As I said, the decision was unanimous. Second, there is a process here; we have to start the process.

My first question: You again emphasised that the Governing Council stands ready to adjust all of its instruments if necessary. Does this still include net asset purchases once these net asset purchases have been stopped? So to be more precise, is it an option to start them again in 2019 if the inflation outlook deteriorates?

The second question, a very easy one: The outlook for the risk balance for inflation, would you say it's also broadly balanced? Or is it to the downside?

Draghi: Well, on the second question, we don't have an explicit risk assessment for inflation but as you've seen from the projections, it's by and large what it was before. The other question was, if we are ready to use asset purchases. Well, we didn't have to discuss this because we decided that our baseline is still valid. In a sense there are two conditions: The first one is to see how strong is the convergence, the second how sustained is the convergence? We concluded that we are confident and we remain patient and persistent with our accommodative monetary policy. So far there was no need to ask ourselves this question.

You, in the statement, welcome the work that is being done on European reforms, yet let's say that Italy was thought to be the elephant in the room and maybe France might be the other elephant in the room. Maybe we have two elephants now. Given the financial stability review focus on the rising risk of debt sustainability, yet Europe doesn't have a rainy day fund, no euro area budget for stabilisation tool, no safe assets. The ESM is not a European monetary fund even if it's strengthened. The Banking Union looks half-baked. What do you make of an assessment of this even if you welcome the work and whether more should be done?

Another question that I have is on the end of – you call it not the end – of the asset purchase programme, it is going to continue, yet this normalisation process has been really gradual. It has not been accompanied by a normalisation in interest rates given that we are in an unconventional field of negative interest rates, which do have an impact on the banking system. Profitability is really low and it's one of the risks rising. What is your assessment on that?

Draghi: Now, I'll respond to the second question first. It is something we are monitoring carefully, whether low interest rates do affect banks' profitability and to what extent. So far – and it's now quite a time that we had these interest rates, by the way on the short-term part of the curve, The net interest margin of the banking system reflects certainly what happens on the short part, but also what happens all along the curve. The conclusion that we've drawn until now is that if there are – and there are now – some negative effects on profitability, they are more than offset by the benefits in other parts of the bank's balance sheets because of the asset purchase programme, of the recovery. If I'm not mistaken here, the Vice President may correct me, but one of the main factors that increases banks' profitability in the eurozone so much so that now the return on equity is by and large the same as of other international banks – is the increased provisioning. The increased provisioning, it has become possible because of the improvement in the economy substantially because of the recovery. But it also tells us something; that the increase in provision is not something that happens every year on a continuous basis. To the extent recovery will continue, provisions will continue. But at some point its profits have to come from all other sources. So it's something we are monitoring carefully.

Your first question is about the completeness of the monetary union construction. We have to be both alert here in all this and humble. We have to be alert and admit that our monetary union construction is not completed, remains fragile and needs developments in the area of the banking union, the capital markets union and also in the creation of some sort of fiscal concept, which is still quite unclear. From this viewpoint we certainly welcome the steps that have been taken now by first the Eurogroup and hopefully by the European Council tomorrow. They are steps in the right direction and they are steps towards this completion. It's clear that more needs to be done before we can declare victory and say that we have a banking union like, say, the United States or the capital markets union.

On other occasions I've also discussed how both of them are very important in sharing risks from recessions and helping stabilise the economies. In a sense if they were completed, less urgent would become the construction of what we call fiscal capacity. Certainly we also have to be humble and acknowledge that all these decisions are political decisions. So they have to be taken by other people. In all this, the ECB is in a sense an adviser – hopefully a trusted adviser – but cannot be a decision-maker.

I have a more specific question that goes back to the refinancing operations. You mentioned LTROs as something that the Governing Council has been assessing. About regular operations, so MRO – main refinancing operations – is it a topic that's been discussed, the possibility of renewing full allotment next year?

The second question is about assets in the ECB balance sheet. In the previous press conference you mentioned high-yield assets as a domain in which there was – I look for a quote – actually stretched according to any standard. Also the Federal Reserve has been mentioning high yield as a field in which there are some risks. The ECB has BBB corporate bonds which, according to some market participants, could be downgraded given the current macroeconomic framework. Is this a topic that's been under discussion at all? What are the options on the table?

Draghi: On the first question, the answer; no, we haven't discussed other options or other tools of monetary policy. But certainly the general intention of the Governing Council is to keep liquidity as available as it needs to be for a monetary policy to be geared for objectives to be attained. But specifically there was no discussion on this. The TLTROs, as I mentioned before, were mentioned but not discussed in any substance. Of course the Governing Council is aware of the different factors that will affect liquidity and excess liquidity over the coming two, three years. At some point in time, our committees will start to work on that and we will have a discussion of this and a decision on this.

On the second point, well, we have a risk management framework which is quite impressive, that starts with eligibility criteria of different bonds, that goes to provisions. I can't now remember how many provisions we have, but one is risk, the second is exchange rate. The third is, well, we have both credit risk and we have interest rate risk. Also you have to take into account the way – and frankly, on this point I cannot give you an answer – but the way the value of bonds is being posted. I do believe for public bonds it's amortized nominal value, amortized cost, so it's not marked to market, but you're asking about private bonds here so it's different. Then I cannot answer to that question, but basically we have such a layer of risk provisions that I think we are pretty safe. But mind, the purpose of a corporate bond programme is not to maximise profits or minimise losses; it's monetary policy. Some accidents may happen and they have happened in the past.

You spoke a number of times about protectionism and the risks that it creates. I've got two questions on trade, please. One is, you mentioned that the trade situation is constantly changing and that it doesn't look as bad as it did when we were here in September, or October. How do you model that; how do you model the worst case scenario when the winds are changing so quickly?

The second question is: even if we take aside Europe's biggest trading partners, the US and China, how confident are you that Europe can come up with a unified trading strategy given differing national interests, different industries in different individual countries that may be crying out for special treatment?

Draghi: Now, the answer to the second question is relatively straightforward. Trading policies are not negotiated at country level, but are negotiated by the Commission. Certainly different countries have different interests, but these interests are being brought together in the Commission's negotiation with their partners.

Now, the first question is much more difficult. It's not that we are comfortable with trade. What I said is that news about trade seemed to be slightly better. Don't make me go through the list of things that are now slightly better, because next time I'll have to go through a list of things that are definitely worse because the situation changes depending on many things, including moods. So it's not that we model mood change, but what is true is that all this – not only in the trade area – but consider Brexit, consider other geopolitical events. All this and the very same changing of this has increased general uncertainty and if we – and certainly it is bound to have effects, or it had effects, on confidence. Confidence, or decreasing confidence, certainly has effects on investments and other business decisions.

I just want to come back to QE and, just for clarity, to follow up on some of the other questions that were asked. Would you say that QE is now a permanent part of the ECB toolbox? Is it something that you could imagine using again some time in the future? Is it something that we should think about as a crisis measure for a really serious situation like we had in 2015? Or is it something that might be easier to do the next time around?

Draghi: The answer is yes; QE is part now of the toolbox, it's permanent and it is something that may be conceived as potentially usable in contingencies that the Governing Council will have to decide on and will assess in its full independence. I think this in a sense, it's always been like this, we believe, but now it's been sanctioned by the European Court of Justice ruling. It's a very important ruling in the existence of the ECB. In a sense, now one can say of course we all were convinced of that before, but now the ruling of the Court has sanctioned our conviction that the ECB now is by and large like other central banks of major jurisdictions, as far as the array of tools that it can use.

Next year, is the euro's 20 years' anniversary year, so could you comment on this as the ECB President?

Draghi: You asked me about the 20th birthday of the euro? I'll actually give a speech on this on Saturday. If you take these 20 years, you see two different periods. The first period was the culmination of a prolonged cycle of great moderation and the second one has been an ongoing crisis. Again it's like when you asked me about the QE, whether I thought it was a good thing or a bad thing. I'm a very biased observer. I think the euro's been a success. Now, whether everybody participated to this success or not, that's what we should ask. Why? Because it's clear that not everybody participated to the benefits of the common currency. Then we should find the reasons why. It's a quite complex answer. Some of it has to do with national responsibilities, but some of it doesn't. What I would wish the euro now is a candid close introspection that could inspire future action on how to complete the Monetary Union.

We were talking about the growth and wages and the ECB instruments. Last week in France, thousands of people took to the streets to express their anger. My question is: as central bankers, you and your colleagues, which kind of a solution, how can you contribute to more answers to those people?

Draghi: Well, since you mentioned France, first of all let me say: The people of Strasbourg and the families of those hit in the terrorist attack, have my personal and the Governing Council's and the ECB's condolences. I wish to express first our feeling towards what happened. We are not really going to comment on what's happened. We certainly blame and condemn violence and we'll also say that just the right to protest is part of our democracies. I'm confident that the French government will address this problem in the best way.

1. [1]This refers to compensation per employee in the market services sector in Germany, which stood at 4.1% in 2018Q3.

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